

**UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT**

THE STANLEY WORKS,	:	
Plaintiff,	:	
	:	
v.	:	Civ. No. 3:02cv1468 (PCD)
	:	
ALLTRADE, INC., GINDAS INDUSTRIES:	:	
CO., OLYMPIA GROUP, INC., and :	:	
TAIWAN MEASURING TAPE :	:	
CO., LTD. :	:	
Defendants.	:	

**RULING ON DEFENDANT’S MOTION TO DISMISS CERTAIN  
COUNTERCLAIMS WITHOUT PREJUDICE AND MOTION TO AMEND**

Pursuant to FED. R. CIV. P. 41 and 15, Defendant Olympia Group, Inc.

(“Olympia”) moves (1) to dismiss certain of its counterclaims without prejudice and without costs and (2) to amend its answer to omit certain of its defenses. For the reasons stated herein, Olympia’s motions are **granted**.

**I. Background**

Plaintiff filed its complaint on August 21, 2002 [Doc. No. 1], and filed an amended complaint on December 13, 2002, adding Olympia (among others) as an additional Defendant [Doc. No. 16]. On March 6, 2003, Olympia filed its answer, affirmative defenses, and counterclaims [Doc. No. 23]. Discovery closed on November 21, 2003 [Doc. No. 40].

Plaintiff is a worldwide manufacturer and marketer of tools, hardware, and specialty hardware for home improvement, consumer, industrial, and professional use. Pl. Opp. at 2. It owns U.S. Patent No. 6,324,769, entitled “Rule Assembly with Increased Blade Standout,” which issued on December 4, 2001 (the “769 patent”). Plaintiff’s initial

complaint [Doc. No. 1] alleged infringement of the ‘769 patent against Defendant Alltrade, Inc., and its amended complaint [Doc. No. 16] added claims against Defendants Olympia and Gindas Industries Co. Olympia’s First Counterclaim alleges that Plaintiff’s ‘769 patent was invalid due to alleged on-sale and public-use bars under 35 U.S.C. § 102(b). Olympia’s Fourth Counterclaim alleges that Plaintiff violated the Sherman Antitrust Act by bringing suit on a patent Plaintiff knew was invalid or unenforceable. Olympia’s Fifth Counterclaim alleges that Plaintiff violated the Connecticut Unfair Trade Practices Act (“CUTPA”).

Olympia moves to dismiss without prejudice a portion of its First Counterclaim (paragraphs 7-15, 19-22, 23 sub-sections (a)-(d), and 24), and the Fourth and Fifth Counterclaims in their entirety. It also seeks leave to amend its answer to delete a portion of the Second Affirmative Defense (sub-sections (a)-(d)), and the Fourth, Fifth, Eighth, Ninth, and Tenth Affirmative Defenses in their entirety.

## **II. Motion to Dismiss Without Prejudice and Costs**

### **A. Standard**

Rule 41 provides that, except where all parties agree to a stipulation of dismissal, “an action shall not be dismissed at the plaintiff’s instance save upon order of the court and upon such terms and conditions as the court deems proper.” FED. R. CIV. P. 41(a)(2). “A voluntary dismissal without prejudice under Rule 41(a)(2) will be allowed if the [non-movant] will not be prejudiced therein.” *D’Alto v. Dahon Cal. Inc.*, 100 F.3d 281, 283 (2d Cir. 1996) (citation and quotation omitted). “Voluntary dismissal without prejudice is thus not a matter of right.” *Zagano v. Fordham Univ.*, 900 F.2d 12, 14 (2d Cir. 1990).

Relevant factors to considering a motion to dismiss without prejudice include

the [moving party's] diligence in bringing the motion; any "undue vexatiousness" on [movant's] part; the extent to which the suit has progressed, including the [opposing party's] effort and expense in preparation for trial; the duplicative expense of relitigation; and the adequacy of [movant's] explanation for the need to dismiss.

*Id.* (citations omitted). "[S]tarting a litigation all over again does not constitute legal prejudice." *D'Alto*, 100 F.3d at 283. These factors "are not exhaustive, and . . . do not exclude [other] factors particular to a specific case." *Vosburgh v. Indem. Ins. Co. of N. Am.*, 217 F.R.D. 384, 386 (S.D. W. Va. 2003). Rule 41(c) instructs that "[t]he provisions of this rule apply to the dismissal of any counterclaim."

## **B. Discussion**

Olympia argues that, upon the close of discovery, it "has determined that it no longer needs to pursue all of the defenses and counterclaims originally asserted." Def. Mem. at 2. Plaintiff responds Olympia's motion should be denied, because discovery has completed and Plaintiff "has filed motions for partial summary judgment on the very counterclaims and issues that Olympia belatedly seeks to withdraw without prejudice," and that it is prejudicial to allow Olympia an opportunity to relitigate such claims later on. Pl. Opp. at 1.

### **1. Diligence in Bringing Motion**

Plaintiff argues that "Olympia has not shown diligence in bringing its motion, as it waited until after the close of discovery to seek dismissal." Pl. Opp. at 6. Olympia alleges that it brought its motion upon learning, in light of various discovery, that it "no longer needs to pursue all of these defenses and counterclaims originally asserted." Def.

Mot. at 2. The record does not reflect that Olympia was dilatory in bringing its motion; rather it seeks dismissal of certain counterclaims to facilitate the litigation. *See Catanzano v. Wing*, 277 F.3d 99, 119 (2d Cir. 2001).

## **2. Undue Vexatiousness**

Plaintiff contends that Olympia's conduct has been unduly vexatious, "as it brought claims that it apparently never intended to pursue." Pl. Opp. at 6. Plaintiff notes that while it conducted discovery regarding Olympia's counterclaims, "Olympia did not serve any written discovery, did not take a single deposition, and did not prepare an expert report on any subject." Pl. Opp. at 3. Olympia argues that because its sales of the alleged infringing tapes "were minuscule by the most liberal standards," and because it soon arranged to sell a modified tape, it chose not to spend either parties' money nor the Court's resources to pursue a cause that could be avoided.

Although Plaintiff alleges that Olympia behaved vexatiously, there is no evidence to support this claim. Plaintiff initiated this action against Olympia, and, to pursue its own claims, would have had to undertake discovery. The fact that Olympia did not conduct extensive discovery does not support a conclusion that it has engaged in unduly vexatious behavior. Moreover, Olympia alleges that Plaintiff rejected Olympia's attempts to reduce expenses by "stipulat[ing] with regard to certain dispositive motions." Def. Reply at 8. Plaintiff points to no evidence to demonstrate that Olympia acted without justification, in bad faith, or to harass Plaintiff.

### 3. Extent to Which Suit Has Progressed (Including Expense)

Plaintiff contends that it has expended “substantial” time and money responding to Olympia’s counterclaims, researching the legal issues, and conducting discovery. Pl. Opp. at 5. Plaintiff argues that it has filed a motion for partial summary judgment “on the very claims and factual allegations Olympia seeks to have dismissed without prejudice” and that dismissal would “prejudice [Plaintiff] as it spent a significant<sup>1</sup> amount of time preparing and filings its motions for partial summary judgment.”<sup>2</sup> Pl. Opp. at 6. Olympia responds that Plaintiff has not produced any evidence to substantiate its claims of duplicative expenses, noting that when Plaintiff added Olympia as a defendant, it “for the most part . . . essentially produced the same discovery requests it had submitted to Alltrade and sent them to Olympia.” Def. Reply at 6. It further states that Plaintiff’s sole deposition of Olympia primarily involved general background issues and infringement issues. Def. Reply at 6. Olympia also argues that when it tried to stipulate with regard to certain dispositive motions, Plaintiff was not interested, “resulting in the multiplicity of motions that were ultimately filed,” and consequently much of the expenses incurred are due to Plaintiff’s behavior. Def. Reply at 8.

The cases Plaintiff cites to support its proposition are distinguishable. In *Zagano*, the plaintiff moved for dismissal without prejudice the week before trial was to begin. *Zagano*, 900 F.2d at 12. The trial court denied her motion because “it had been made too

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<sup>1</sup> Plaintiff does not quantify the time spent.

<sup>2</sup> To date, Plaintiff’s motion for summary judgment has not been filed. Plaintiff filed a certificate of service, compliant with the Supplemental Order [Doc. No. 3], stating that the motion was served on Olympia on December 29, 2004.

late, . . . [the plaintiff] had used the federal action as ‘an instrument of vexation,’ and . . . defendants would be prejudiced because of the time spent preparing the case for the scheduled trial and the diminishing availability and recollection of witnesses.” *Id.* at 13. The plaintiff refused to proceed with trial, and the trial court granted the defendants’ motion for dismissal with prejudice. In *Andes v. Versant Corp.*, 788 F.2d 1033 (4th Cir. 1986), the defendants argued that they that “incurred significant expenses, not only in responding to [the plaintiff’s] complaint and filing motions and memoranda in support of summary judgment, also by incurring substantial costs of discovery, through depositions, production of documents, and obtaining of expert opinions.” *Andes*, 788 F.2d at 1036. The appeals court found that “[a]lthough this is not a case of extreme prejudice to defendants, . . . there was a sufficient basis for [the trial court’s] denying [the plaintiff’s] Rule 41(a)(2) motion and thus we cannot say that the district court abused its discretion in refusing to dismiss without prejudice.” *Id.* at 1036-37 (internal citations omitted). The court cited cases where dismissal without prejudice occurred when the cases were already at trial. *Id.* at 1036 (citing *Rollison v. Washington National Ins. Co.*, 176 F.2d 364 (4th Cir. 1949) (dismissal without prejudice not proper where plaintiff sought to dismiss after complaint had been amended three times, a trial date set, and a jury sworn, and the trial judge had decided that plaintiff had not stated a claim); *Young v. John McShain, Inc.*, 130 F.2d 31 (4th Cir. 1942) (proper to deny motion to dismiss made when case was already at trial and plaintiff had admitted that the claims sought to be dismissed were without merit)). In contrast, although this case is approximately eighteen months old and summary judgment motions are being filed, it is not the eve or middle of trial. Moreover,

the present case does not involve a plaintiff seeking last minute dismissal, but instead involves a defendant seeking to withdraw some of its counterclaims.

Although discovery has ended and the parties are in the process of filing partial motions for summary judgment, this case most likely would have progressed to a similar degree based on Plaintiff's own complaint (e.g. Plaintiff would have conducted discovery even in the absence of Olympia's counterclaims), and Plaintiff makes no showing of extreme prejudice. It is within the Court's discretion to dismiss without prejudice in these circumstances.

#### **4. Duplicate Expenses of Relitigation**

As noted, the mere threat of relitigation is not dispositive because "starting a litigation all over again does not constitute legal prejudice." *D'Alto*, 100 F.3d at 283. If at some time Olympia asserts the same or similar claims in another lawsuit, Plaintiff's work regarding the counterclaims would not be wasted. Plaintiff makes no showing that having to defend against such claims in a different lawsuit would be more difficult.

#### **5. Adequacy of Explanation**

Olympia contends when its defenses and counterclaims were based on "a good faith belief that they were necessary for the proper defenses against the claims brought against it." Def. Reply at 2. Plaintiff argues that "Olympia has had a full and fair opportunity to litigate the claims raised in its counterclaims, but chose not to do so," and that Olympia "hopes to avoid entry of an adverse judgment on these claims." Pl. Opp. at 3-4.

Olympia states that the following factors led to its decision to not pursue presently

the counterclaims it wishes to dismiss without prejudice: (1) the level of sales of the alleged infringing tape measure was low, and even Plaintiff's own damages expert estimated the sales to be minimal, and that consequently the cost of pursuing these counterclaims would outweigh any benefit to Olympia; (2) Olympia decided to market another measuring tape to avoid allegations of patent infringement. Def. Reply at 3. Olympia notes that it is in the best interest of the parties and to judicial economy to seek dismissal of these counterclaims, and alleges that "Olympia simply wants to fairly compete with Stanley and others in the trade, to sell a tape measure that does not infringe any valid claim of the '769 patent. . . ." Def. Reply at 9. Whereas Plaintiff contends that "Olympia hopes to avoid entry of an adverse judgment on these claims," Pl. Opp. at 4, Olympia asserts that it should not be foreclosed from later being able to "defend itself and assert any causes of action against [Plaintiff] that addresses [Plaintiff's] anti-competitive conduct," Def. Reply at 10. In *Catanzano*, the court found that "[the plaintiffs'] explanation, that they have brought the motion in order to facilitate an end to the litigation but that they wish to avoid preclusive effects of the district court's ruling on this claim, is adequate." *Catanzano*, 277 F.3d at 110. Here, the record does not reflect that Olympia is trying to improperly manipulate the legal process, and its explanation for seeking dismissal is credited and deemed adequate. Plaintiff will retain its cause of action with a full entitlement to its adjudication.

After careful consideration of the *Zagano* factors and the context of the motion to dismiss, there is no finding that Plaintiff will suffer legal prejudice if the counterclaims are dismissed. Olympia's motion to dismiss without prejudice and costs is **granted**.



### **III. Motion to Amend**

Olympia also moves to amend its answer pursuant to FED. R. CIV. P. 15.

#### **A. Standard**

Federal Rule of Civil Procedure 15(a) provides that once a responsive pleading has been served, litigants may amend a pleading only “by leave of court or by written consent of the adverse party.” FED. R. CIV. P. 15(a). As a general matter, “[l]eave to file an amended complaint ‘shall be freely given when justice so requires.’” *Milanese v. Rust-Oleum Corp.*, 244 F.3d 104, 110 (2d Cir. 2001) (*quoting* FED. R. CIV. P. 15(a)). Leave should not be denied in the absence of undue delay, bad faith, undue prejudice to the non-movant, or futility. *Id.* The propriety of granting a motion to amend remains within the district court’s discretion. *See Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 330-31, 91 S. Ct. 795, 28 L. Ed. 2d 77 (1971).

#### **B. Discussion**

Olympia seeks leave to amend its answer to delete a portion of the Second Affirmative Defense (sub-sections (a)-(d)), and the Fourth, Fifth, Eighth, Ninth, and Tenth Affirmative Defenses in their entirety. Def. Mot. at 2. Although Defendant contests the motion to dismiss, it does not make any specific arguments regarding the motion to amend. In light of the resolution of Olympia’s motion to dismiss, its motion to amend [Doc. No. 60] is **granted**.

#### **IV. Conclusion**

For the reasons stated herein, Olympia's motion to dismiss certain of its counterclaims without prejudice [Doc. No. 60] is **granted**. Olympia's motion to amend [Doc. No. 60] is **granted**.

SO ORDERED.

Dated at New Haven, Connecticut, February \_\_, 2004.

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Peter C. Dorsey  
Senior United States District Judge